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FM AMEMBASSY ASUNCION  
TO RUEHC/SECSTATE WASHDC 4340  
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RHEHNSC/WHITE HOUSE NSC WASHDC  
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RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS ASUNCION 000576

SIPDIS

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SENSITIVE

STATE FOR WHA/BSC AND EB/IFD/OIA  
STATE PASS TO USAID FOR LAC/AA  
STATE PASS TO USTR FOR LYANG  
NSC FOR SUE CRONIN  
TREASURY FOR OSIA MAUREEN WAFER  
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR  
COMMERCE FOR ITA SARAH COOK  
SOUTHCOM FOR POLAD

E.O. 12958: N/A

TAGS: PGOV PREL KCRM PA

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, MAY 27 -  
JUNE 2, 2006

REF: A. ASUNCION 0479

1B. ASUNCION 0430  
1C. ASUNCION 0296 AND PRECEDING

11. (U) SUMMARY:

-- Lugo Calls for Another Protest  
-- Soccer Diplomacy  
-- Galeano May Be Prosecuted  
-- TSJE Says Voting Machines Transparent

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Lugo Calls for Another Protest  
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12. (U) On 6/7, Monsignor Fernando Lugo and the group Citizen Resistance which he heads plan to demonstrate by forming a human chain around the Supreme Court building. They call the demonstration "chaining injustice," and the demonstration is intended to show Paraguayans' indignation with the five Supreme Court Justices whose votes allowed Nicanor Duarte Frutos to claim temporary leadership over the Colorado Party.

Monsignor Lugo stated that the demonstration will be peaceful, but that the group will look for other ways to apply more pressure to achieve its goal of forcing the five judges from office. Representatives of opposition political parties including UNACE, the Authentic Liberal Radical Party (PLRA), the Country in Solidarity Party (PPS), the Beloved Fatherland Party (PPQ), as well as civil organizations and labor unions were present when the members of Citizen Resistance signed the agreement setting the date for the demonstration.

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Soccer Diplomacy  
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13. (U) On 6/1, the Embassy unveiled two banners recognizing Paraguayan success in reaching the World Cup. The banners praise the 23 members of the team, acknowledge Paraguay's third consecutive World Cup tournament and recognize one nation united behind their team. Passersby on foot

acknowledge the banners with a cheerful smile and those in vehicles sometimes honk their horn in approval. Local hires are delighted and very supportive of the signs.

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Galeano May be Prosecuted  
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14. (SBU) On 5/26, Prosecutor Arnaldo Giuzzio raided the home of Col. Heriberto Galeano, former commander of the Presidential Escort Regiment and current commander of the First Infantry Division, located in the Chaco region. The investigation was originally centered around Galeano's alleged illegal telephone tapping operations from his home in the Cerro Cora neighborhood in Lambaré. Neighbours suggest that by the time his home was raided, most of the communications equipment had already been removed, indicating he had been tipped off about the raid. According to Guizzio, Galeano's home is not included in his declaration of assets and Galeano may be prosecuted on charges of illegal enrichment.

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TSJE Says Voting Machines Transparent

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15. (U) Over the past week, news reports have called into question the authenticity and security of electronic balloting machines after a video depicting manipulation of the machines' results, produced by unknown sources, was released to the media. On 6/2, PolOff met with two officials of the Supreme Electoral Tribunal (TSJE), Ricardo Lesme Dalles, Director of Technical Information, and Liliana Benitez, Director of Public Relations. Lesme conceded that the machines are old but mentioned that they are reliable and transparent. He stated that the machines have software that prevent tampering and maintained that should someone attempt to tamper with a machine, it will shut down. Lesme allowed the PolOff to watch the 20 minute video while he mimicked everything that was done on an actual machine. In addition, Benitez provided another video depicting the inspection of the machines by Brazilian technicians prior to the most recent Colorado internal elections. According to signed documents by the technicians, the electronic balloting machines had sufficient protections against tampering. They verified the results from the last election.

CASON